

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

| | |
|---|--------------------------------------|
| SUBJECT: Rural Health Care Equity Program | REFERENCE NUMBER: 2005-043 |
| DATE ISSUED: 11/01/05 | SUPERSEDES: |

This memorandum should be forwarded to:

**Accounting Officers
Budget Officers
Personnel Officers
Personnel Transactions Supervisors**

FROM: Department of Personnel Administration
Benefits Division

CONTACT: Belinda Collins, RHCEP Manager
(916) 324-0468
Fax: (916) 322-3769
Email: belindacollins@dpa.ca.gov

Effective January 1, 2006, the amount of employee health premiums that is reimbursable under the Rural Health Care Equity Program (RHCEP) will be higher, as shown in the following chart:

| RHCEP Premium Reimbursements | | |
|-------------------------------------|-------------|-------------|
| Enrollment | 2005 | 2006 |
| 1-Party | \$ 20.64 | \$ 26.05 |
| 2-Party | \$ 40.47 | \$ 52.52 |
| 3-Party | \$ 53.04 | \$ 66.07 |

Claim forms are **not** required for premium reimbursements, which are automatically issued to eligible employees. Reimbursements for co-insurance and deductible expenses still require claim forms.

These payments are made in accordance with Government Code section 22877(f), which states that the RHCEP must “*subsidize the preferred provider plan premiums for the employee, by an amount equal to the difference between the weighted average of board-approved health maintenance organization (HMO) premiums and the lowest board-approved preferred provider plan (PPO) premium.*” The RHCEP monthly premium reimbursements are changing due to changes in HMO and PPO premium rates that take effect in January 2006.

The RHCEP premium reimbursements are issued monthly using a two-month lag. The new premium reimbursement calculation for the December 2005 pay period health deduction (issued January 1, 2006 for January 2006 coverage) will be included in the February 2006 pay period paycheck (issued March 1, 2006). These rates will be in effect through the November 2006 pay period.

In order to effectively administer the premium reimbursements, it is critical that eligible employees have accurate, up-to-date address information on file, and that they report all health plan enrollment changes promptly to their personnel offices. It is also important that the Employee Action Request (EAR) and the Health Benefit Plan Enrollment Form (HBD 12) are current.

The maximum amount of reimbursable expenses for active employees participating in the RHCEP is determined through their collective bargaining agreement. All contracts (excluding Units 5, 6, and 18) currently provide up to \$1500 per employee, per fiscal year. Premium reimbursements **and** claim reimbursements (consisting of co-insurance and deductible expenses) are included in the \$1500 annual allotment.

Questions regarding the RHCEP premium reimbursements should be directed to Larry Sanchez with the Department of Personnel Administration at (916) 327-1439.

Sincerely,

/s/ Debbie Endsley

Debbie Endsley, Chief
Benefits Division